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**REMARKS**

This Submission Under 37 C.F.R. 1.114 accompanies Applicants' Request for Continued Examination (RCE) and is in supplemental response to the final Office Action mailed March 25, 2005 and is in response to the Advisory Action mailed July 5, 2005. By this response, claims 1, 3, 7, 13, 25, 26, 43, 51, 53-55, 59, 62, 65-67, 69 and 70 are amended. Claims 6 and 61 are canceled.

In view of the following discussion, the Applicants submit that none of the claims now pending in the application are obvious under the provisions of 35 U.S.C. §103. Thus, the Applicants believe that all of these claims are now in allowable form.

It is to be understood that the Applicants, by amending the claims, do not acquiesce to the Examiner's characterizations of the art of record or to the Applicants' subject matter recited in the pending claims. Further, the Applicants are not acquiescing to the Examiner's statements as to the applicability of the art of record to the pending claims by filing the instant responsive amendments.

**REJECTIONS****35 U.S.C. §103****Claims 1-8, 10, 12-32, 34-47, 51, 53-62 and 64-78**

The Examiner has rejected claims 1-8, 10, 12-32, 34-47, 51, 53-62, and 64-78 under 35 U.S.C. §103(a) as being unpatentable over U.S. 6,177,391 B1 to Alexander ("Alexander") in view of U.S. Patent 6,493,872 to Rangan ("Rangan"). The Applicant respectfully traverses the rejection.

Applicants' independent claims 1, 7, 25, 51, 53, 59 and 69 recite different aspects of the present invention including the limitation for the terminals to receive group assignment rules from a remote location such as the local insertion center. Specifically, the Applicants' independent claim 1 (and similarly independent claims 7, 25, 51, 53, 54, 59 and 69) recites:

1. (currently amended) A method for locally\_targeting virtual advertisements at a user's terminal, comprising:
  - assigning at least one virtual advertisement spot to a video program;
  - assigning a plurality of virtual objects to the at least

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one virtual advertisement spot;  
    generating group assignment rules;  
    generating a retrieval plan; and  
    providing the retrieval plan, the group assignment rules and video program to the terminal, wherein the retrieval plan and the group assignment rules are sent periodically to the terminal, and the retrieval plan directs the terminal to select one of the plurality of virtual objects for placement at said at least one virtual advertisement spot in said video program. (emphasis added)

Applicants' independent claims 34, 43, 54 and 68 recite different aspects of the present invention including the limitation for the targeting to include ranking scheme based on percentages of total viewers. Specifically, the Applicants' independent claim 34 (and similarly independent claims 43, 54 and 68) recites:

34. (previously presented) A method for assigning targeted virtual objects to virtual object locations in one or more video programs, comprising:  
    identifying the one or more video programs to carry the targeted virtual objects;  
    assigning the targeted virtual objects to target categories;  
    ranking one or more of the video programs based on the target categories and a first percentage of total viewers in one or more groups of viewers;  
    ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers;  
    determining, for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages;  
    assigning one or more targeted virtual objects as default virtual objects;  
    assigning one or more targeted virtual objects as alternate virtual objects; and  
    assigning the default virtual objects and the alternate virtual objects to the virtual object locations. (emphasis added)

According to MPEP 2143.03, all claim limitations must be taught or suggested.

"To establish prima facie obviousness of a claimed invention, all the claim limitations

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must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). 'All words in a claim must be considered in judging the patentability of that claim against the prior art.' In re Wilson, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). "

The test under 35 U.S.C. §103 is not whether an improvement or a use set forth in a patent would have been obvious or non-obvious; rather the test is whether the claimed invention, considered as a whole, would have been obvious. Jones v. Hardy, 110 USPQ 1021, 1024 (Fed. Cir. 1984) (emphasis added). Moreover, the invention as a whole is not restricted to the specific subject matter claimed, but also embraces its properties and the problem it solves. In re Wright, 6 USPQ 2d 1959, 1961 (Fed. Cir. 1988) (emphasis added). The Alexander and Rangan references alone and in combination fail to teach or suggest the Applicants' invention as a whole.

Alexander discloses an electronic program guide (EPG) at terminals which selects advertisement for display using viewer profiles or other preset criteria. However, Alexander failed to disclose, teach or suggest a method and apparatus for locally targeting virtual objects within a terminal including sending group assignment rules to the terminal and a ranking scheme based on percentages of total viewers to determine the selection of the advertisement.

Furthermore, the Rangan reference does not bridge the substantial gap between the Alexander reference and the Applicant's invention. Rangan discloses synchronization of data streams. Specifically, Rangan discloses a system for creating an annotated stream at an authoring station and combining a live video stream and the annotated stream. Rangan also does not disclose, teach or suggest a method and apparatus for locally targeting virtual objects within a terminal including sending group assignment rules from a remote location to the terminal, and assigning objects to include ranking scheme based on percentages of total viewers.

In addition, there is no motivation to combine Alexander and Rangan. Even if the two references could somehow be operably combined, the combination would provide a library of advertisements stored at the viewer's terminal where the EPG selects advertisements for display according to pre-established selection criteria, and an

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authoring station for tracking and inserting advertisements in a video stream that is upstream from the user's terminal. Nowhere in the combined references is there any teaching or suggestion of a method and apparatus for locally targeting virtual objects within a terminal including sending group assignment rules from a remote location to the terminal, and assigning objects to include ranking scheme based on percentages of total viewers. Therefore, the combined references fail to teach or suggest the Applicant's invention as a whole.

As such, the Applicant submits that independent claims 1, 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69 are not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Furthermore, claims 2-6, 8, 10, 12-24, 26-32, 35-42, 44-47, 55-58, 60, 62, 64-67 and 70-78 depend, either directly or indirectly, from independent claims 1, 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69 and recite additional features thereof. As such and at least for the same reasons as discussed above, the Applicant submits that these dependent claims are also not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Therefore, the Applicant respectfully requests that the Examiner's rejection be withdrawn.

### **Claims 33 and 63**

The Examiner has rejected claims 33 and 63 under 35 U.S.C. §103(a) as being obvious and therefore unpatentable over Alexander in view of Rangan in further view of U.S. Patent 6,741,834 to Godwin (hereinafter "Godwin"). The Applicant respectfully traverses the rejection.

Claims 33 and 63 respectively depend from independent claims 25 and 59 and recite additional features thereof. In particular, claim 33 (and similarly dependent claim 63) recites in part:

A method of locally targeting virtual objects to terminals, comprising:  
creating a package of targeted virtual objects;  
providing the package to one or more of the terminals;  
generating group assignment rules;  
providing the group assignment rules to one or more of the terminals;  
generating a retrieval plan;

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storing the retrieval plan at one or more of the terminals; and  
providing a video program to one or more of the terminals, the video program including at least one virtual object location, wherein the retrieval plan designates virtual objects to be displayed during a display of the video program. (emphasis added).

As discussed above, the combination of the Alexander and Rangan references fails to teach or suggest the Applicant's invention as a whole.

Furthermore, the Godwin reference does not bridge the substantial gap between the Alexander and Rangan references and the Applicant's invention. Specifically, the Godwin reference discloses

The subscriber receiver 110 includes a global positioning system (GPS) receiver 524 communicatively coupled to a suitable antenna 526. The GPS receiver 524 can provide information regarding the position of the subscriber receiver 110 (for example, in the form of a latitude and longitude). The location module 518 provides the local broadcast region information to a controller module 530 and to an EPG data processing module 532. The controller module 530 uses the information provided by the location module 518 and the local market ID to determine which of the satellite's regional media programs should be presented to the user. Further, the EPG data processing module 532 uses the information provided by the location module 518 to determine which programs to present in an integrated EPG (presenting only those which are either national media programs or satellite or terrestrial regional media programs broadcast within the local broadcast region). (see Godwin, column 7, lines 30-51, FIG. 8B).

There is no motivation to combine. Even if the three references could somehow be operably combined, the combination would merely provide a graphical electronic program guide having advertisement panels to a terminal having a GPS receiver, where the terminal is capable of determining which programs to present in an integrated EPG. Nowhere in the combined references is there any teaching or suggestion of a method and apparatus for locally targeting virtual objects within a terminal including sending group assignment rules from a remote location to the terminal, and assigning objects to include ranking scheme based on percentages of total viewers. Therefore, the combined references fail to teach or suggest the Applicant's invention as a whole.

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As such, the Applicant submits that independent claims 25 and 59 and dependent claims 33 and 63, which depend from independent claims 25 and 59, are not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Therefore, the Applicant respectfully requests that the Examiner's rejection be withdrawn.

### CONCLUSION

Thus, Applicants submit that none of the claims, presently in the application, are obvious under the provisions of 35 U.S.C. §103. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Eamon J. Wall, Esq. at (732) 530-9404 so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

Dated: 7/19/05

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